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Watchonly Limited

Report and Unaudited Financial Statements

Year Ended

31 March 2002



Tenon Limited
Accountants and
Business Advisers

WATCHONLY LIMITED

Annual report and unaudited financial statements for the year ended 31 March 2002

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Directors

JK Turner (Chairman)
PK Turner

Secretary and registered office

PK Turner, Charnwood House, Gregory Boulevard, Nottingham, NG7 6NX

Company number

2757921

Accountants

Tenon Limited, Charnwood House, Gregory Boulevard, Nottingham, NG7 6NX

Bankers

Lloyds TSB Bank plc, 27 Derby Road, Long Eaton, Nottingham, NG10 1LU

Solicitors

Thomas Solicitors, 49 Derby Road, Long Eaton, Nottingham, NG10 1NB

WATCHONLY LIMITED

Report of the directors for the year ended 31 March 2002

The directors present their report together with the unaudited financial statements for the year ended 31 March 2002.

Results

The profit and loss account is set out on page 4 and shows the profit for the year.

Principal activity

The principal activity of the company is that of the commercial letting of investment property.

Directors

The directors who served during the year and their interests in the share capital of the company were as follows:

	Ordinary shares of £1 each at 31 March	
	Number 2002	Number 2001
JK Turner	200,000	200,000
PK Turner	100,000	100,000

EMU Impact

Having reviewed its commercial and accounting transactions, the company is managing the impact of the single currency.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

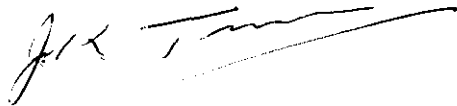
WATCHONLY LIMITED

Report of the directors for the year ended 31 March 2002 (*continued*)

Small company exemptions

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'JK Turner', with a long horizontal flourish extending to the right.

JK Turner
Director

30 November 2002



WATCHONLY LIMITED

Accountants' report on the unaudited financial statements

To the directors of Watchonly Limited

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 March 2002, set out on pages 4 to 8, and you consider that the company is exempt from an audit under section 249A(1) of the Companies Act 1985. In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

Tenon Limited

TENON LIMITED
Accountants and
Business Advisers
Nottingham

3 December 2002

WATCHONLY LIMITED**Profit and loss account for the year ended 31 March 2002**

	Note	2002 £	2001 £
Turnover	2	30,111	28,293
Administrative expenses		(13,583)	(13,380)
Operating profit		<u>16,528</u>	<u>14,913</u>
Profit on sale of tangible fixed assets		13,198	14,680
Interest received		2,861	2,975
Profit on ordinary activities before taxation		<u>32,587</u>	<u>32,568</u>
Taxation on profit on ordinary activities	4	(2,530)	(5,137)
Profit for the financial year		<u>30,057</u>	<u>27,431</u>
Retained profit brought forward		137,628	110,197
Retained profit carried forward		<u><u>167,685</u></u>	<u><u>137,628</u></u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 6 to 8 form part of these unaudited financial statements.

WATCHONLY LIMITED**Balance sheet at 31 March 2002**

	Note	2002	2001
		£	£
Fixed assets			
Tangible assets	5	448,328	339,578
Current assets			
Debtors	6	-	138
Cash at bank		38,678	112,802
		<u>38,678</u>	<u>112,940</u>
Creditors: amounts falling due within one year	7	(19,321)	(14,890)
Net current assets		<u>19,357</u>	<u>98,050</u>
Net assets		<u>467,685</u>	<u>437,628</u>
Capital and reserves - equity			
Called up share capital	8	300,000	300,000
Profit and loss account		167,685	137,628
Shareholders' funds	9	<u>467,685</u>	<u>437,628</u>

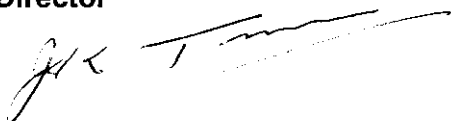
The directors have taken advantage of the exemption conferred by S249A(1) not to have these financial statements audited and confirm that no notice has been deposited under S249B(2) of the Companies Act 1985. The directors acknowledge their responsibilities for ensuring that:

- the company keeps accounting records which comply with S221 of the Companies Act 1985; and
- the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2002 and of its profit for the year then ended in accordance with the requirements of S226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These unaudited financial statements were approved by the Board on 30 November 2002.

JK Turner
Director



The notes on pages 6 to 8 form part of these unaudited financial statements.

WATCHONLY LIMITED

Notes forming part of the unaudited financial statements for the year ended 31 March 2002

1 Accounting policies

These unaudited financial statements have been prepared under the historical cost convention. The following principal accounting policies have been applied.

Turnover

Turnover represents rental income receivable for the year.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of fixtures and fittings over their expected useful lives at 20% per annum straight line.

Investment property

The investment property is included at cost. The directors consider that there is no material difference between cost and open market value. No depreciation is provided on the freehold or long leasehold investment property.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise in accordance with FRS 19.

2 Turnover

Turnover arose wholly within the United Kingdom and relates to the company's principal activity.

3 Employees

The directors received no remuneration and there were no other employees.

4 Taxation on profit on ordinary activities

	2002 £	2001 £
(a) Analysis of charge in year		
<i>Current tax:</i>		
UK corporation tax on profits of the period	3,150	5,137
Adjustment in respect of previous years	(620)	-
Total current tax (note 7(b)) and tax on profit on ordinary activities	2,530	5,137

WATCHONLY LIMITED

Notes forming part of the unaudited financial statements for the year ended 31 March 2002
(Continued)

4 Taxation on profit on ordinary activities (continued)

	2002 £	2001 £
(b) Factors affecting tax charge for year		
The tax assessed for the year is different than the expected rate of corporation tax. The differences are explained below:		
Profit on ordinary activities before taxation	32,587	32,568
Profit on ordinary activities multiplied by expected rate of corporation tax of 20.0% (2001:20.0%)	6,517	6,514
Effects of:-		
Profit on disposal of fixed assets	(2,640)	(2,936)
Marginal relief	(765)	-
Chargeable gains	-	1,560
Roundings	38	(1)
Adjustment to tax charge in respect of previous years	(620)	-
	<u>2,530</u>	<u>5,137</u>

- (i) As a result of the fixed asset disposals the company actually paid tax at a rate of 7.76% (2001: 15.77%) in the previous year.

5 Tangible assets

	Freehold investment property £	Long leasehold investment property £	Fixtures and fittings £	Total £
Cost				
At 1 April 2001	314,095	25,483	12,509	352,087
Additions	184,517	-	-	184,517
Disposals	(50,284)	(25,483)	-	(75,767)
At 31 March 2002	<u>448,328</u>	<u>-</u>	<u>12,509</u>	<u>460,837</u>
Depreciation				
At 1 April 2001 and at 31 March 2002	-	-	12,509	12,509
Net book value				
At 31 March 2002	<u>448,328</u>	<u>-</u>	<u>-</u>	<u>448,328</u>
At 31 March 2001	<u>314,095</u>	<u>25,483</u>	<u>-</u>	<u>339,578</u>

WATCHONLY LIMITED

Notes forming part of the unaudited financial statements for the year ended 31 March 2002
(Continued)

6 Debtors

	2002 £	2001 £
Prepayments	-	138

7 Creditors: amounts falling due within one year

Corporation tax	3,150	5,137
Other creditors	16,171	9,753
	<u>19,321</u>	<u>14,890</u>

8 Share capital

	Authorised		Allotted, called up and fully paid	
	2002 £	2001 £	2002 £	2001 £
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>	<u>300,000</u>	<u>300,000</u>

9 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Opening shareholders' funds	437,628	410,197
Profit for the year	30,057	27,431
Closing shareholders' funds	<u>467,685</u>	<u>437,628</u>